

STATE OF SOUTH CAROLINA

In RE:  
Application of Crexendo Business Solutions, Inc.

For a Certificate of Public Convenience  
and Necessity to Provide Interexchange and  
Local Exchange Telecommunications Services  
and for Alternative Regulation and  
Flexible Regulation

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2010 - 252 - C

(Please type or print)

Submitted by: Heather Kirby

SC Bar Number: \_\_\_\_\_

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**DOCKETING INFORMATION** (Check all that apply)

☐ Emergency Relief demanded in petition  
expeditiously ☐ Other: \_\_\_\_\_

☐ Request for item to be placed on Commission's Agenda

**INDUSTRY (Check one)**

**NATURE OF ACTION (Check all that apply)**

- ☐ Electric  
☐ Electric/Gas  
☐ Electric/Telecommunications  
☐ Electric/Water  
☐ Electric/Water/Telecom.  
☐ Electric/Water/Sewer  
☐ Gas  
☐ Railroad  
☐ Sewer  
☒ Telecommunications  
☐ Transportation  
☐ Water  
☐ Water/Sewer  
☐ Administrative Matter  
☐ Other:

- ☐ Affidavit  
☐ Agreement  
☐ Answer  
☐ Appellate Review  
☐ Application  
☐ Brief  
☐ Certificate  
☐ Comments  
☐ Complaint  
☐ Consent Order  
☐ Discovery  
☐ Exhibit  
☐ Expedited Consideration  
☐ Interconnection Agreement  
☐ Interconnection Amendment  
☐ Late-Filed Exhibit

- ☐ Letter  
☐ Memorandum  
☐ Motion  
☐ Objection  
☐ Petition  
☐ Petition for Reconsideration  
☐ Petition for Rulemaking  
☐ Petition for Rule to Show Cause  
☐ Petition to Intervene  
☐ Petition to Intervene Out of Time  
☒ Prefiled Testimony  
☐ Promotion  
☐ Proposed Order  
☐ Protest  
☐ Publisher's Affidavit  
☐ Report

- ☐ Request  
☐ Request for Certification  
☐ Request for Investigation  
☐ Resale Agreement  
☐ Resale Amendment  
☐ Reservation Letter  
☐ Response  
☐ Response to Discovery  
☐ Return to Petition  
☐ Stipulation  
☐ Subpoena  
☐ Tariff  
☐ Other:

*OK*  
*OK*

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August 30, 2010

**VIA OVERNIGHT DELIVERY**

Mr. Charles Terreni  
Chief Clerk of the Commission  
South Carolina Public Service Commission  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210  
(803) 896-5100

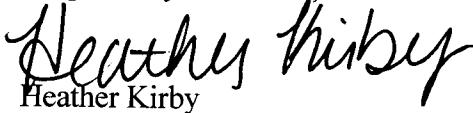
Re: Crexendo Business Solutions, Inc.  
Docket No. 2010-252-C

Dear Mr. Terreni:

Enclosed please find for filing an original and twenty-five (25) copies of the company's pre-filed testimony. The company does not intend to engage in telemarketing in the State of South Carolina.

I have enclosed an extra copy of this letter to be date-stamped and returned to me in the self-addressed, postage prepaid envelope I have provided. If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me. Thank you.

Respectfully submitted,

  
Heather Kirby

Legal Assistant to Lance J.M. Steinhart  
Attorney for Crexendo Business Solutions, Inc.

Enclosures

cc: Jeff Korn  
C. Lessie Hammonds – ORS via e-mail: lhammon@regstaff.sc.gov  
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**BEFORE THE  
PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2010-252-C**

In the Matter of	)	
	)	
The Application of	)	
Crexendo Business Solutions, Inc.	)	
	)	<b>DIRECT TESTIMONY</b>
for a Certificate of Public Convenience	)	<b>OF JEFF KORN</b>
and Necessity to Provide Interexchange and	)	
Local Exchange Telecommunications Services	)	
and for Alternative Regulation and	)	
Flexible Regulation	)	

**I. Introduction**

- |   |    |           |  |
|---|----|-----------|--|
| 1 | 1. | <b>Q.</b> | <b>Please state your name and business address.</b>                                  |
| 2 |    | A.        | My name is Jeff Korn. My business address is 1615 South 52nd Street, Tempe,          |
| 3 |    |           | Arizona 85281.   |
| 4 | 2. | <b>Q.</b> | <b>By whom are you employed and in what capacity?</b>                                |
| 5 |    | A.        | I am the Chief Legal Officer of Crexendo Business Solutions, Inc. ("Crexendo").      |
| 6 | 3. | <b>Q.</b> | <b>Please give a brief description of your background and experience in business</b> |
| 7 |    |           | <b>and telecommunications.</b>   |
| 8 |    | A.        | See Exhibit D to our application.  |

4. Q. What is the purpose of your testimony?

A. The purpose of my testimony is to describe the nature of Crexendo's proposed service offering within the State of South Carolina, and to demonstrate its financial, managerial, and technical ability to provide the telecommunications services for which authority is sought herein.

5. **Q. Do you wish to incorporate by reference any documents into your testimony?**

A. Yes. I wish to incorporate by reference the underlying Application filed in this proceeding and its associated attachments.

## II. The Business of Crexendo

6. **Q. Has Crexendo registered to do business in South Carolina?**

A. Yes. Crexendo is an Arizona Corporation that has received authorization to transact business within the State of South Carolina. A copy of Crexendo's Articles of Incorporation is attached to the Application as Exhibit A and a copy of the document of authorization from the State of South Carolina is attached to that Application as Exhibit B.

1     7.     **Q.     Please describe the services Crexendo intends to provide within the State of**  
2                   **South Carolina.**

3  
4     Crexendo may offer a full array of services to both business and residential customers, including  
5     the following:

6  
7     Interexchange (switched and dedicated services):

- 8         A.     1+ and 101XXXX outbound dialing;
- 9         B.     800/888 toll-free inbound dialing;
- 10        C.     Calling cards; and
- 11        D.     Data Services.

12  
13     Local Exchange:

- 14        A.     Local Exchange Services for business and residence customers that will enable
- 15               customers to originate and terminate local calls in the local calling area served by
- 16               other LECs, including local dial tone and custom calling features.
- 17        B.     Switched local exchange services, including basic service, trunks, carrier access, and
- 18               any other switched local services that currently exist or will exist in the future.
- 19        C.     Non-switched local services (e.g., private line) that currently exist or will exist in the
- 20               future.
- 21        D.     Centrex and/or Centrex-like services that currently exist or will exist in the future.
- 22        E.     Digital subscriber line, ISDN, and other high capacity services.

23  
24     Crexendo will initially resell local and long distance services, and provide local service though  
25     the use of use unbundled network elements utilizing the facilities of the existing LECs or  
26     underlying carriers that presently serve South Carolina.

27  
28             APPLICANT seeks authority to resell and provide through its own facilities local  
29     exchange services throughout the State primarily in the areas served by AT&T. Applicant's local  
30     calling areas initially will coincide with the incumbent local exchange carrier's local calling  
31     areas. Applicant has no plans to install facilities in the State of South Carolina. If APPLICANT  
32     installs facilities in South Carolina, it will probably provide voice and high speed data services

1 through a combination of the latest technology switching and transport media. The switching  
2 system will consist of a central processing and control complex capable of interconnection as a  
3 peer to the incumbent as well as competitive local exchange companies. The hub portion of the  
4 switch will interconnect with the public switched network on Signaling System 7 ("SS7") or  
5 Feature Group D ("FGD") facilities. The system's remote module capability will allow properties  
6 to be served in a manner that provides the exchange of appropriate signaling, control and  
7 calling/caller information to the network in accordance with network standards and  
8 specifications. Additionally, these services will be delivered over a combination of delivery  
9 mechanisms through incumbent local carriers' unbundled loop network, both copper and fiber  
10 and transport networks, as well as via APPLICANT constructed facilities. Its services will be  
11 available on a full-time basis, twenty-four hours a day, seven days a week, to customers within the  
12 geographic boundaries of the State of South Carolina. Customers will be billed by APPLICANT.  
13 Applicant is committed to providing access to a local operator, directory assistance, 911 services,  
14 and dual relay services. Applicant is also willing to accept its obligations to collect 911 and dual  
15 relay service surcharges from its local exchange customers, and to remit those funds to the  
16 appropriate authorities.

1     8.     **Q.     What carrier will Crexendo utilize as its underlying carrier for services in**  
2                 **South Carolina?**

3             A.     For interexchange service, Crexendo intends to utilize AT&T as its underlying  
4                     carrier. Crexendo intends to offer service offer local service using facilities of the  
5                     incumbent local exchange telephone companies ("LECs") certificated to provide  
6                     local exchange service in the State of South Carolina. The company intends to  
7                     initially negotiate with BellSouth.

8     9.     **Q.     Does Crexendo have authorization to provide intrastate telecommunications**  
9                 **services in any other state?**

10            A.     Yes. Crexendo is currently authorized to provide local exchange and  
11                    interexchange services in Florida, Georgia, Idaho, Indiana, Iowa, Kansas,  
12                    Kentucky, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New  
13                    Jersey, New York, North Dakota, Oregon, Pennsylvania, Rhode Island, Vermont,  
14                    Washington and Wisconsin, and interexchange services only in Arkansas,  
15                    Missouri, New Mexico and Wyoming. Applicant is in the process of applying for  
16                    authorization to provide competitive local exchange and interexchange services  
17                    throughout the United States. Applicant has not been denied authority for any of  
18                    the services for which it seeks authority in this Application.

19    10.    **Q.     Has Crexendo ever had an application for a certificate of public convenience**  
20                 **and necessity denied?**

21            A.     No.

22    11.    **Q.     Does Crexendo intend to file a tariff with the Commission?**

23            A.     Yes. Crexendo filed an interexchange tariff as Exhibit F and a local price list as  
24                    Exhibit E to its Application in this proceeding that it will modify as necessary in  
25                    order to meet the Commission's requirements. We believe Crexendo's Tariff and  
26                    price list will comport with all Orders, Rules, and Regulations of the Commission.  
27

**12. Q. Will Crexendo comply with the Commission's orders regarding the provision of interexchange and local services?**

A. Yes. Crexendo will at all times provide and market services in accordance with current Commission policies. In particular, Crexendo is familiar with Commission Order No. 93-462 regarding resale of intraLATA telecommunications services and will attempt to comply with the terms of that order in every respect possible. In addition, Crexendo at all times will provide interstate services in compliance with all FCC rules and regulations. Crexendo will at all times provide and market services in accordance with current Commission policies and will attempt to comply with the terms of that order in every respect possible.



1 13. **Q. Has Crexendo provided any intrastate telecommunications services within the**  
2 **State of South Carolina?**

3 A. No it has not.

4 14. **Q. What rates will Crexendo charge upon receipt of certification?**

5 A. Crexendo will charge the tariffed rates approved by the Commission.

6 15. **Q. How will Crexendo market services in South Carolina?**

7 A. Crexendo intends to market its services via direct sales by Crexendo's employees.

8 **III. Managerial, Technical and Financial Qualifications**

9 16. **Q. Does Crexendo have sufficient managerial, technical, and financial resources**  
10 **and ability to provide the telecommunications services proposed in its**  
11 **Application?**

12 A. Yes. Crexendo has sufficient technical, financial, and managerial resources and  
13 ability to provide the telecommunications services for which authority is sought  
14 herein. Crexendo's personnel represent a broad spectrum of business and technical  
15 disciplines, possessing many years of individual and aggregate telecommunications  
16 experience.

17 The qualifications and experience of Crexendo's key management team are  
18 discussed on Exhibit D which is attached to our Application in support of  
19 Applicant's managerial and technical ability to provide the services for which  
20 authority is sought herein.  
21

17. **Q. How does Crexendo handle customer service requests?**

A. Crexendo's customer service representatives are available to assist its customers and will promptly respond to all customer inquiries. Customers may call (866) 621-6111 or a local number. The applicable toll free or local numbers will be printed on customers' monthly billing statements. Alternately, customers wishing to communicate with a Crexendo customer service representative in writing may send written correspondence to Crexendo at:

Crexendo Business Solutions, Inc.  
ATTN: Customer Service  
1615 South 52nd Street  
Tempe, Arizona 85281

Crexendo's customer service representatives are prepared to respond to a broad range of service matters, including inquiries regarding: (1) the types of services offered by Crexendo and the rates associated with such services; (2) monthly billing statements; (3) problems or concerns pertaining to a customer's current service; and (4) general service matters.

18. **Q. Please describe the financial condition of Crexendo.**

A. In support of Crexendo's financial ability to provide the services sought herein, copies of Crexendo's iMergent's SEC Form 10-KT for period ended December 31, 2009, were submitted as Exhibit C to its Application.

1 IV. Public Interest

2 19. Q. **How will residents of South Carolina benefit from Crexendo's services and**  
3 **presence in South Carolina?**

4 The Commission's grant of this certificate is in the public interest because  
5 consumers of telecommunications services within Crexendo's service territory will  
6 receive increased choice, improved quality of service, and heightened opportunities  
7 to obtain improved technology in the homes and businesses. Market incentives for  
8 new and old telecommunications providers in South Carolina will be improved  
9 greatly through an increase in the diversity of suppliers and competition within the  
10 local exchange telecommunications market. Consistent with the Commission's  
11 intent to aid in the development of a competitive telecommunications environment  
12 in South Carolina, the granting of a certificate of authority to provide local exchange  
13 service will offer increased efficiency to the State's telecommunications  
14 infrastructure through greater reliability of services and an increase in competitive  
15 choices.

16 20. Q. **Has the Company ever been the subject of an investigation by any state**  
17 **Regulatory body or by the FCC?**

18 A. No.

19 21. Q. **Will the Company agree to abide by and comply with the Commission's**  
20 **Rules and Regulations and Commission Orders in its operations in South**  
21 **Carolina?**

22 A. Yes.

23 22. Q. **Does this conclude your testimony?**

24 A. Yes. I would like to thank the Commission for this opportunity to provide  
25 information relevant to Crexendo's Application and am ready to provide any  
26 additional information that the Commission may need in making its decision.